

Metropolitan Mortgage and Securities Company, Inc.
Summit Securities, Inc.
Western United Holding Company, Inc.
February 6, 2004

The Securities Division has received many inquiries from concerned investors who own Metropolitan Mortgage and Securities Company, Inc. (Metropolitan) debentures and preferred stock, or securities issued by Summit Securities, Inc. (Summit) or Western United Holding Company (Western), which are affiliated with Metropolitan. As detailed below:

- Metropolitan and Summit have suspended payment of interest and dividends to their investors.
- The independent auditor for all three entities has resigned, citing the inability to rely on the representations made by management.
- Metropolitan Investment Securities, an affiliate broker-dealer, was sanctioned and fined by the NASD and subsequently ceased operations.
- Investors have filed 2 lawsuits in Federal District Court for the Eastern District of Washington. According to the Form 8K filed by Metropolitan on January 27, 2004, the lawsuits are class actions and generally allege violations of state and federal securities laws, negligence and unfair business practices.
- Metropolitan and Summit has filed for Chapter 11 Bankruptcy protection. Metropolitan Investment Securities has filed for Chapter 7 protection.

What should investors do?

1. **Educate yourself.** Set forth below is a Chronology and links to informational resources pertaining to Metropolitan and its affiliates, which can be used to gain a better understanding of the current situation.
2. **Send a written complaint to Metropolitan.** If you believe that you were misled by your representative as to the safety of the investment, you should send a written complaint to the company explaining the specific details of those misrepresentations. The Company's address is:

601 West 1st Avenue, Spokane WA 99201.

You should send a copy of that complaint to the NASD at the address listed below. Investors should also consider contacting the other regulatory agencies listed below.

3. Contact the regulators.

- Investors can file a complaint with the Securities Division by going to <http://www.dfi.wa.gov/sd/complaint.htm>. The Division is particularly

interested in hearing from investors who were misled by Metropolitan brokers as to the safety of the investment.

- The NASD, which sanctioned Metropolitan's brokerage firm, can be reached at:

Two Union Square (206) 624-0790
601 Union Street, Suite 1616 Fax: (206) 623-2518
Seattle, WA, 98101-2327.

- 4. Consult with legal counsel.** Investors who need assistance in evaluating their alternatives or otherwise need legal advice should contact an attorney. The newspaper articles below identify some of the firms that are representing clients who have complaints against Metropolitan.

Creditors Committees

At least 2 groups are recruiting debenture holders to join committees that are competing to be appointed as the official bondholders creditors committee in the event Metropolitan and/or its affiliates file for bankruptcy. In evaluating whether to join any committee, investors should note that the committee, if appointed, would owe a fiduciary duty to all members of the class represented by the committee. Therefore, in addition to considering the experience and expertise of the committee members and their advisors, investors may wish to consider whether the committee and its advisors are subject to any conflicts of interest that could prevent them from acting in the best interests of the class.

Chronology of recent events.

October 22, 2003 – The NASD announced that it has sanctioned Metropolitan Investment Securities (MIS), an affiliated broker-dealer, for abusive sales practices and supervisory violations. Metropolitan was censured, fined \$500,000, ordered to make restitution totaling more than \$2.8 million to investors, and ordered to maintain a special escrow account for Metropolitan investors' claims at a level of \$1 million for a five-year period.
http://www.nasdr.com/news/pr2003/release_03_060.html

November 3, 2003 – Metropolitan and Summit, citing the need to conserve liquidity, announce the temporary suspension of preferred stock dividends.
<http://www.sec.gov/Archives/edgar/data/65384/000095013403014359/d10176e8vk.txt>.

December 15, 2003 – Metropolitan Investment Securities ceases operations.
<http://www.sec.gov/Archives/edgar/data/65384/000095013403016630/d11263e8vk.htm>.

December 19, 2003 – The American Stock Exchange (AMEX) suspended indefinitely trading in the preferred stock issued by Metropolitan, Summit and Western.

December 22, 2003 – AMEX announces that it will begin the process to delist Metropolitan, Summit and Western preferred stock

December 26, 2003 –

- Metropolitan and Summit announce that they will voluntarily delist their preferred stock
- Western announces that it will appeal the AMEX's decision to delist its preferred stock
- Metropolitan, Summit and Western announce that it will not file their Forms 10-K as scheduled; and
- Metropolitan and Summit announce that they will suspend payments on their debentures and notes.
<http://www.sec.gov/Archives/edgar/data/65384/000103570403000861/d11536e8vk.htm>

January 12, 2004 – The Pacific Exchange suspends trading in Metropolitan's 9% notes due November 4, 2004.

January 22, 2004 –

- Metropolitan, Summit and Western announce that their independent auditors, Ernst & Young LLP, have resigned. Ernst & Young indicated that it had concluded there were material misstatements in the financial statements for the fiscal year ended September 30, 2002 and it could not rely on the representations of management made in connection with its prior audits and reviews. As a result, Ernst & Young indicated it was withdrawing its independent auditor reports for all periods during which it has provided services to the Company.
- Also announced was the filing of two class action lawsuits in the United States District Court for the Eastern District of Washington. The lawsuits generally allege violations of state and federal securities laws, negligence and unfair business practices.
- Metropolitan announces that it has requested voluntary delisting of its securities from the Pacific Exchange.

<http://www.sec.gov/Archives/edgar/data/65384/000095013404000727/d12164e8vk.htm>

January 28, 2004 – C. Paul Sandifur, Jr. resigns as Metropolitan's Chairman and CEO.

January 30, 2004 – Metropolitan and Summit announce that the companies expect to file petitions for bankruptcy relief under Chapter 11 during the week of February 2, 2004.
<http://www.sec.gov/Archives/edgar/data/65384/000089102004000125/v96160e8vk.htm#001>

February 4, 2004 – Metropolitan and Summit file for Chapter 11 Bankruptcy protection in U.S. Bankruptcy Court for the Eastern District of Washington. Metropolitan Investment Securities files for Chapter 7 Bankruptcy protection.

Other Sources of Information

Websites:

Metropolitan: <http://www.mfcportal.com/index.asp>

NASD: <http://www.nasd.com>

Washington Securities Division: <http://www.dfi.wa.gov/sd>

Securities and Exchange Commission: www.sec.gov

- Metropolitan's SEC filings can be found at: <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000065384&owner=include>
- Summit's SEC filings can be found at: <http://www.sec.gov/cgi-bin/browse-edgar?company=Summit+Securities&CIK=&filenum=&State=&SIC=&owner=include&action=getcompany>
- Western's SEC filings can be found at: <http://www.sec.gov/cgi-bin/browse-edgar?company=Western+United+Holding&CIK=&filenum=&State=&SIC=&owner=include&action=getcompany>

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Newspaper articles:

Date	Newspaper	Headline	Link
02/06/04	Seattle Times	Metropolitan bankruptcy filing riles investors	http://archives.seattletimes.nwsourc.com/cgi-bin/texis.cgi/web/vortex/display?c=1&slug=metropolitan060&date=20040206&query=metropolitan+mortgage
02/05/04	Spokesman Review	It's Chapter 11 for Met	http://www.spokesmanreview.com/news-story.asp?date=020504&ID=s1483522
02/05/04	Seattle Times	Spokane conglomerate Metropolitan Mortgage files for bankruptcy	http://seattletimes.nwsourc.com/html/businessstechnology/2001851010_metropolitan050.html
02/01/04	Seattle Times	Metropolitan Mortgage faces bankruptcy; expects to file this week	http://archives.seattletimes.nwsourc.com/cgi-bin/texis.cgi/web/vortex/display?slug=met01m&date=20040201
02/01/04	Tacoma News Tribune	Investors accuse Spokane company of fraud	http://www.tribnet.com/business/story/4694227p-4645519c.html
01/31/04	Spokesman Review	Met Mortgage to file for bankruptcy	http://www.spokesmanreview.com/news-story.asp?date=013104&ID=s1480883
01/28/04	Spokesman Review	Sandifur quits as Met CEO and chairman	http://www.spokesmanreview.com/news-story.asp?date=012804&ID=s1479021
01/25/04	Seattle Times	The Metropolitan mess: Northwest investors victims of risky strategy	http://archives.seattletimes.nwsourc.com/cgi-bin/texis.cgi/web/vortex/display?slug=metropolitan25&date=20040125
01/23/04	Spokesman Review	Met's books in doubt	http://www.spokesmanreview.com/news-story.asp?date=012304&ID=s1476612
01/23/04	Seattle Times	Auditor quits, calls reports of Spokane firms unreliable	http://archives.seattletimes.nwsourc.com/cgi-bin/texis.cgi/web/vortex/display?slug=metropolitan23&date=20040123
01/21/04	Seattle Times	Angry investors sue Spokane firm for \$300 million	http://archives.seattletimes.nwsourc.com/cgi-bin/texis.cgi/web/vortex/display?slug=metropolitan21&date=20040121
01/11/04	Spokesman Review	Met Mortgage investors fear massive losses	http://www.spokesmanreview.com/news-story.asp?ID=s1470076&date=011104
12/31/03	Seattle Times	Trouble grows for mortgage firm	http://archives.seattletimes.nwsourc.com/cgi-bin/texis.cgi/web/vortex/display?slug=metmortgage31&date=20031231
12/12/03	Seattle Times	Spokane financial company faces millions in penalties	http://archives.seattletimes.nwsourc.com/cgi-bin/texis.cgi/web/vortex/display?slug=metmortgage12&date=20031212

